

CONTRACT PERIOD THROUGH April 30, ~~2002~~ 2004

TO: All Departments

FROM: Department of Materials Management

SUBJECT: Contract for **SHORT TERM DISABILITY BENEFIT AND CLAIM ADMINISTRATION**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **April 19, 2001**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

Wes Baysinger, Director
Materials Management

SF/mm
Attach

Copy to: Clerk of the Board
Peter Cerchiara, Human Resources
Monica Mendoza, Materials Management

SHORT TERM DISABILITY BENEFIT ADMINISTRATION

1.0 **INTENT:**

The purpose of this contract is to select a single Contractor to administer the Short Term Disability Benefits Plan for Maricopa County employees. The effective date of this contract will be January 1, 2001.

2.0 **SCOPE OF WORK:**

2.1 BACKGROUND:

The Short Term Disability (STD) plan is a voluntary self-funded plan offered to all benefit eligible employees. The County may in the future establish County funded basic STD coverage with employee buy up. **The vendor chosen will provide Administrative Services Only (ASO).**

The County implemented a self-insured voluntary STD program effective January 1, 1989. The program was administered by Fortis Benefits (formerly Mutual Benefit) until December 31, 1993. UNUM began administering the STD program on January 1, 1994 and continues to do so.

County employees accumulate time in a sick leave bank. A copy of the policy is included as Exhibit 2.

2.2 MINIMUM CONTRACTOR QUALIFICATIONS:

2.2.1 The Contractor must have an A.M. Best Policyholder Rating of A- or better and Financial Size Category IX or higher.

2.2.2 REPORTING:

2.2.2.1 All reporting elements outlined in Section 2.3.5 must be provided to the County on at least a quarterly basis, in the form of one or more basic usage reports.

2.2.2.2 Please provide sample reports with your proposal. All reporting elements should be evident in the samples you provide.

2.2.2.3 Please identify the frequency with which the reports would be provided to the County.

2.2.2.4 Please indicate if the sample reports can be broken down, either by division or department, if this information is provided at the time a claim is submitted.

2.2.3 The Contractor must maintain and operate an electronic claims and tracking system which maintains all information regarding:

2.2.3.1 Customer service calls and all contacts made by a claimant

2.2.3.2 Dates and information about the nature of the contact

2.2.3.3 Claim specific information including approval, denial and payment.

2.2.4 The Contractor must be able to administer the partial disability benefit, including rehabilitation program, outlined in Section 2.3.1.

2.2.5 The Contractor must be able to pay benefits on a weekly or biweekly basis.

2.2.6 The Contractor must be able to perform/coordinate Independent Medical Exams (IMEs) when they are indicated.

All claimants must be submitted through the County case management staff before going to vendor claim adjudication. The Contractor will be required to coordinate and obtain missing employer, employee, and medical information from various sources.

2.3 TECHNICAL AND BUSINESS REQUIREMENTS

2.3.1 Proposed STD Plan of Benefits

2.3.1.1 Contributions:

Contributions are 100% employee paid. During the contract the employer may convert the plan to a base employer paid benefit at 50% of salary.

2.3.1.2 Eligibility:

Benefit eligible employees who are scheduled to work 20 hours per week.

2.3.1.3 Waiting Period:

The waiting period is twenty-one (21) consecutive days. In the course of the contract the waiting period may become a 7 or 14 day waiting period. If the employee is disabled, returns to work, and becomes disabled again due to the same or a related cause, the second disability will be considered a continuation of the first period of disability, as long as the employee returned to work for less than fourteen (14) consecutive calendar days. If the employee's second disability is unrelated to the first, or if the employee returns to work for more than 14 consecutive calendar days, the second period of disability will be considered a separate claim and a new Waiting Period must be satisfied.

2.3.1.4 Maximum Duration:

Six months from the first day of sickness or injury.

2.3.1.5 Maximum Benefit:

The maximum weekly benefit is \$1,000.00.

2.3.1.6 Percent of Earnings:

40% (grandfather for participants who had coverage prior to 1/1/2000), 50%, 60%, or 70% of basic weekly earnings.

2.3.1.7 Changes in Coverage:

Participants may increase coverage only during a regularly scheduled open enrollment. However, coverage may be decreased or cancelled at any time.

2.3.1.8 Definition of Disability:

For the purpose of this contract, disability means that because of illness or injury the employee cannot perform each of the essential functions of his or her occupation. Furthermore, the employee is not considered disabled or under a disability unless he or she is under the regular care and treatment of a licensed physician, who is practicing within the scope of his/her license during the entire period of disability.

2.3.1.9 Maximum Claim Submission Period:

One year from first day of sickness or injury.

2.3.1.10 Benefits Integration Formula:

All STD benefits are directly offset by:

- a. Applicable amounts provided under any Workers' Compensation law including pay from the County supplemental pay program.
- b. Any amount provided under federal maritime law.
- c. Any amount the employee is entitled to, under any group insurance plan of his or her employer that provides disability income benefits.
- d. Any benefits the employee is entitled to receive under No Fault insurance award or through Third Party Subrogation.
- e. Any benefits the employee or his or her dependents are eligible to receive because of his or her disability or age under the United States Social Security Act or similar plan or act. If benefits from these programs are denied for any reason (except the employee's non-insured status), the employee will be required to appeal the denial to the full extent permitted. The employee will continue to be considered eligible to receive these benefits until all appeal processes are exhausted.
- f. Any benefits the employee is eligible to receive under any plan or provision providing period payments for disability, or providing benefits for loss of time or income, to which his or her employer, union, trade, or professional organization directly or indirectly sponsored or contributed.
- g. Any benefits payable under any state compulsory benefit act or law.
- h. Any benefits available from any Salary Continuation Plan, including but not limited to Income Protection, medical/family leave, donated leave, Paid Time Off (unless waived by the HR Director).

2.3.1.11 Exclusions:

This Plan will not provide any disability benefits if:

- a. The employee is not under the direct care of a health care professional;
- b. The employee becomes disabled as a result of participation in a felony;
- c. The employee is confined in any penal or correctional institution as a result of a conviction for a criminal or other public offense;
- d. The employee's disability is a result of a war or act of war, unless they are a United States expatriate or on temporary assignment in a war area on employer business, or while in the military service of any country which is at war;
- e. The employee's injuries are sustained while on a personal leave of absence without pay;
- f. The employee has a vague or undefinable condition (such as "tiredness" or "pain"), for which the doctor cannot provide a medical diagnosis;
- g. The employee has cosmetic surgery, except surgery made necessary by accidental injury incurred while covered under the Plan;

- h. The employee has an injury, sickness, or pregnancy for which they receive medical treatment within the three months before the date of their coverage under the STD Program. This exception does not apply to disability commencing after a Plan Participant has been covered under the Plan for a period of twelve continuous months. "Received medical treatment" means that the employee has consulted with or received the advice of a licensed medical or dental practitioner, including advice given during a routine examination. It also includes situations in which the employee has received medical or dental care, treatment or services including taking drugs, medication, insulin or similar substances.

2.3.1.12 Back to Work/Partial Disability Benefit:

The employee is required to be disabled from his or her Own Occupation. The employee is disabled from his or her Own Occupation if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder:

- a. The employee is unable to perform with reasonable continuity the essential functions of his or her Own Occupation; and
- b. The employee suffers a loss of at least 20% in his or her pre-disability Earnings when working in his or her Own Occupation.

If the employee qualifies for a partial disability benefit, his or her benefit will be reduced such that the sum of the employee's earnings during such disability and his or her benefit shall not exceed 100% of his or her pre-disability earnings.

2.3.1.13 Rehabilitation Services:

The County currently does not have rehabilitation services available to employees. It is the County's intent to include and provide rehabilitation services available on an ASO contract basis.

2.3.1.14 Funding:

The County wishes to continue to administer the program as a self-funded voluntary STD program.

2.3.2 Claim Payment Procedures:

- 2.3.2.1 Carrier must provide disability management services which result in the use of techniques, methods and other means to encourage the return to work of disabled employees.
- 2.3.2.2 Carrier must provide disability management services which result in the use of techniques, methods and other means to encourage the return to work of disabled employees.
- 2.3.2.3 The Carrier must proactively discuss claims with medical care providers when in the judgment of the Carrier such discussion is necessary.
- 2.3.2.4 Claims must be paid by the Carrier in an accurate and timely manner. To facilitate timely payment, the Carrier is to take the following steps:
 - a. The Carrier must initiate discussions with the claimant within 72 hours of initial claims notification.
 - b. The Carrier must make contact with physicians to obtain medical information and critique disability cause and prognosis.

- c. The Carrier must provide claim processing instructions which are clear and complete.
- d. The Carrier must clearly state the mailing address and telephone number on all claim forms and include a preaddressed claim envelope.
- e. The Carrier must provide standard services such as complaint and appeal procedures, claim investigations, over/underpayment reconciliation, patient satisfaction surveys, and similar activities as appropriate.
- f. The Carrier must notify claimants in a timely manner (30 calendar days) of rejected claims or of a reduction in claim payment and the specific reason.
- g. When a claim has been denied, or paid in part, and the insured has filed an appeal, a response to the appeal will be issued no later than 60 days after the necessary information is provided for the appeal to be considered. "Necessary information" may include the insurer's physician's input but may not include "peer review". When the file is complete, peer review and determination must be rendered within 60 days.
- h. Payment of a claim means the actual preparation and mailing of the amount due the insured.
- i. The Carrier shall determine benefits payable, make any necessary investigations, issue claim drafts to employees, and maintain client files.

2.3.2.5 The Carrier shall make personnel available to any employee for consultation on matters regarding this program. The Carrier shall honor the right of the County to question the Carrier in any case where the employee's rights under the contract are in question.

2.3.2.6 The Carrier must accept the County's eligibility data in the format provided.

2.3.2.7 The Carrier must provide a monthly discrepancy report after comparing County eligibility information.

2.3.2.8 The Carrier shall maintain a claim paying facility and customer service unit that is sufficiently staffed before 8:00 a.m. and after 5:00 p.m. MST to assist plan participants with questions concerning plan benefits and payments. Bilingual staff (English/Spanish) must be available.

2.3.3 County Rights and Obligations

2.3.3.1 Maricopa County, upon awarding a contract, assumes responsibility for the following actions:

- a. The County Staff may distribute brochures describing coverage, and necessary claim forms to employees.
- b. The County shall have the final decision regarding eligibility of its employees.
- c. Review and approval of all communications materials to employees including but not limited to plan document, summary plan description, certificates, claim forms, newsletters, letters, and any other employee communication material prior to its printing and distribution.
- d. The County will approve on-site visits by the Carrier's personnel to any County department or location prior to the scheduled visit.

- e. The County will allow the Carrier to audit the County's records by the Carrier within 60 days after receipt of the premium within the time frame stated. After 60 days premiums will be considered accepted.

2.3.4 Implementation and Ongoing Requirements

- 2.3.4.1 The County will make every effort to promptly review the proposals and award the contract. To properly implement the plan by the effective date of January 1, 2001, the successful Carrier will be required to devote staff attention to the following implementation and ongoing activities:
 - a. Provide an Implementation Plan.
 - b. Revise certificate/SPD and policy boilerplate to conform to County specifications by 90 days from effective date of contract.
 - c. Review of evidence of coverage (certificate/SPD) to employees.
 - d. Meet with County Human Resources Benefits and Case Management personnel to establish administrative and claim payment procedures.
 - e. Provide sufficient initial supplies of paper and electronic Claim forms and instructions by effective date of contract.
 - f. Prepare policy documents for County's consultant and attorney review.
 - g. Provide/supply all paper claims forms and checks and any other forms required or necessary for proper administration of coverage.

2.3.5 Reporting Requirements

- 2.3.5.1 All group short-term disability Carriers are required to provide the following reporting elements to the County. Such reports will be provided in either hard copy, the applicable data disk format or accessible through the Web or link. The purpose will be to conduct claims analysis to track claims utilization and to monitor contract performance. Such claim data will be given to management only in a consolidated format so that confidentiality can be assured. Standard Utilization reporting must be provided on a quarterly basis to the client.
- 2.3.5.2 The reporting elements are as follows:
 - a. General Information
 - 1. Claims liability
 - 2. Number of claims
 - 3. Paid check listing
 - 4. Outstanding checks
 - 5. Monthly fund transfers
 - 6. Adjustments including voids and stop payments
 - 7. Number of employees
 - 8. Administrative fees

9. Taxes, if applicable
 10. Matrix of claims by month incurred and month paid.
 11. Cost containment analysis
 12. Claims turn around time
 13. Results from internal audit procedures
 14. Diagnostic claim breakdowns which should include comparisons to the industry and your book of business
 15. Lag reporting
- b. Detailed Information (to the extent allowable under the Privacy Act)
1. Name of disabled member
 2. Social security number
 3. Date of disability
 4. Formula amount
 5. Benefit offsets
 6. Amount paid
 7. Actions taken and savings arising with respect to:
 - a. Newly approved disabled employees
 - b. Termination of disability benefits
 8. Validation of continued disability
 9. Rehabilitation
 10. Termination of disability and cause
 11. MDR & ICD9

2.3.6 Administering the STD Plan

- 2.3.6.1 In addition to the requirements above, the administrative services to be provided to the County's benefit plans shall include the following as appropriate:
- a. Creating and maintaining claims files.
 - b. Evaluating claims to determine if they have been properly filed and advising claimants in meeting the requirements for additional information and proper completion of claim forms.
 - c. Determination of disability.
 - d. Computing the benefits due in accordance with then current benefit plan document and/or documentation.

- e. Issuing drafts to the person or assigned thereto. The administrator will be reimbursed by the County for checks cleared on a weekly or monthly basis as negotiated if the plan is self funded or partially insured.
- f. Discussing claims, where appropriate, with physicians and other providers of service.
- g. Applying claims control procedures necessary for the effective administration of the Plan.
- h. Reconciliation of issued and cleared checks, including prompt weekly or monthly funding (as negotiated) of any required funds in the event of an account deficit if self-funded or partially insured.
- i. Preparing a monthly numerical and alphabetical register of drafts issued. The register should include the check or draft number, employee name, claimant name, payee name, amount of check or draft, the date incurred and the date paid.
- j. Investigating claims that appear to be suspicious or fraudulent.
- k. Preparing, printing, and distributing the claim forms and other administrative forms required for the successful operation of the Plan.
- l. Notifying claimants of rejected claims and the specific reason or reasons for the rejection, within 30 days of receipt.
- m. Rehabilitation assistance at no charge to the employee.
- n. Timely notification of claimants and the County of delayed claim payments which are caused by an error or omission in claim payment documentation.
- o. Establishment of quality assurance standards and control mechanisms for assurance of compliance with such standards.
- p. Print checks or drafts and corresponding explanation of benefits.
- q. Respond by the end of business day next following any inquiry from the County Staff regarding the disposition of a pending claim.
- r. Assignment of a Claims Representative within the claim office who is authorized to answer questions from the County Staff regarding claims handling or reporting.
- s. Submit annual financial analysis and renewal by June 1 each year. Provide rate renewal and illustrative rate projection for self-insured.
- t. Participate with County Staff and prepare responses to participant appeals.
- u. Prepare and mail 1099 forms to employee's home addresses.
- v. Provide data required for government reporting, e.g., GASB12, Form 5500, etc.
- w. Participate in quarterly or monthly meetings with the County Staff if needed to identify and resolve problems quickly, and discuss any issues that may arise from time to time.
- x. Licensed to provide such STD insurance policies in the state of Arizona.

3.0 **SPECIAL TERMS & CONDITIONS:**

3.1 CONTRACT LENGTH:

This Request for Proposals is for awarding a firm fixed price contract to cover a three (3) year period.

3.2 OPTION TO EXTEND:

The County may, at their option and with the approval of the Contractor, extend the period of this agreement up to a maximum of two (2) one (1) year options. The Contractor shall be notified in writing by the Materials Management Department of the County's intention to extend the contract period at least thirty (30) calendar days prior to the expiration of the original contract period.

3.3 INDEMNIFICATION AND INSURANCE:

3.3.1 INDEMNIFICATION FOR PROFESSIONAL LIABILITY

To the fullest extent permitted by law, the **CONTRACTOR** shall indemnify, and hold harmless the **COUNTY**, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including but not limited to attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the **CONTRACTOR'S** negligent acts, errors, omissions or mistakes relating to professional services in the performance of this Contract. **CONTRACTOR'S** duty to indemnify and hold harmless the **COUNTY**, its agents, representatives, officers, directors, officials, and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property, including loss of use resulting therefrom, caused by any negligent acts, errors, omissions or mistakes, related to professional services in the performance of this Contract including any person for whose negligent acts, errors, omissions or mistakes, the **CONTRACTOR** may be legally liable.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

For all other hazards, liabilities, and exposures:

To the fullest extent permitted by law, the **CONTRACTOR** shall defend, indemnify and hold harmless the **COUNTY**, its agents, representatives, officers, directors, officials and employees from and against all claims, damages, losses and expenses (including but not limited to attorney fees, court costs, expert witness fees, and the cost of appellate proceedings), relating to, arising out of or resulting from the **CONTRACTOR'S** work or services. **CONTRACTOR'S** duty to defend, indemnify and hold harmless the **COUNTY**, its agents, representatives, officers, directors, officials and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, injury to, impairment or destruction of property including loss of use resulting therefrom, caused in whole or in part by any act or omission of the **CONTRACTOR**, anyone **CONTRACTOR** directly or indirectly employs or anyone for whose acts **CONTRACTOR** may be liable.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

Abrogation of Arizona Revised Statutes Section 34-226:

In the event that A.R.S. § 34-226 shall be repealed or held unconstitutional or otherwise invalid by a court of competent jurisdiction, then this duty of indemnification shall extend to all claims, damages, losses and expenses, including but not limited to attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted therefrom, caused in whole or in part by any negligent acts, errors, or omissions relating to professional work or services in the performance of this Contract by the **CONTRACTOR**, or anyone directly employed by the

CONTRACTOR or anyone for whose acts **CONTRACTOR** may be liable regardless of whether it is caused by any party indemnified hereunder, including the **COUNTY**.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

The scope of this indemnification does not extend to the sole negligence of the **COUNTY**.

3.3.2 **INSURANCE REQUIREMENTS:**

CONTRACTOR, at **CONTRACTOR'S** own expense, shall purchase and maintain the herein stipulated minimum insurance with companies duly licensed, possessing a current A.M. Best, Inc. Rating of B++6, or approved unlicensed companies in the State of Arizona with policies and forms satisfactory to the **COUNTY**.

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of the **COUNTY**, constitute a material breach of this Contract.

The **CONTRACTOR'S** insurance shall be primary insurance as respects the **COUNTY**, and any insurance or self-insurance maintained by the **COUNTY** shall not contribute to it.

The policies required hereunder, except Workers' Compensation and Professional Liability, shall contain a waiver of transfer of rights of recovery (subrogation) against the **COUNTY**, its agents, representatives, officers, directors, officials and employees for any claims arising out of the **CONTRACTOR'S** work or service.

Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect coverage afforded under the insurance policies to protect the **COUNTY**.

The insurance policies may provide coverage which contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to the **COUNTY** under such policies. The **CONTRACTOR** shall be solely responsible for the deductible and/or self-insured retention and the **COUNTY**, at its option, may require the **CONTRACTOR** to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

The **COUNTY** reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. The **COUNTY** shall not be obligated, however, to review such policies and/or endorsements or to advise **CONTRACTOR** of any deficiencies in such policies and endorsements, and such receipt shall not relieve **CONTRACTOR** from, or be deemed a waiver of, the **COUNTY'S** right to insist on strict fulfillment of **CONTRACTOR'S** obligations under this Contract.

The insurance policies required by this Contract, except Workers' Compensation and Professional Liability, shall name the **COUNTY**, its agents, representatives, officers, directors, officials and employees as Additional Insures.

- 3.3.3 Commercial General Liability. **CONTRACTOR** shall maintain Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence with a \$2,000,000 Products/Completed Operations Aggregate and a \$2,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage including, but not limited to, the liability assumed under the indemnification provisions of this Contract which coverage will be at least as broad as Insurance Service Office, Inc. Policy Form CG 00 01 10 93 or any replacements thereof. The coverage shall include X, C, U.

The policy shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause, or any provision, which would serve to limit third party action over claims.

The Commercial General Liability additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc.'s Additional Insured, CG 20 10 11 85, and shall include coverage for **CONTRACTOR'S** operations and products and completed operations.

3.3.4 Automobile Liability. **CONTRACTOR** shall maintain Automobile Liability insurance with an individual single limit for bodily injury and property damage of no less than \$1,000,000, each occurrence, with respect to **CONTRACTOR'S** vehicles (whether owned, hired, non-owned), assigned to or used in the performance of this Contract.

3.3.5 Workers' Compensation. The **CONTRACTOR** shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of **CONTRACTOR'S** employees engaged in the performance of the work or services, as well as Employer's Liability insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease for each employee, and \$1,000,000 disease policy limit.

In case any work is subcontracted, the **CONTRACTOR** will require the Sub**CONTRACTOR** to provide Workers' Compensation and Employer's Liability insurance to at least the same extent as required of the **CONTRACTOR**.

3.3.6 Professional Liability. The **CONTRACTOR** retained by the **COUNTY** to provide the work or service required by this Contract shall maintain Professional Liability insurance covering negligent acts, errors, or omissions arising out of the work or services performed by the **CONTRACTOR**, or any person employed by the **CONTRACTOR**, with a limit of not less than \$1,000,000 each claim.

3.4 **TERMS AND PAYMENT:**

Payment under contract will be made in the manner provided by law. Invoices shall be prepared and submitted in accordance with the instructions provided on the Purchase Order. Invoices shall contain the following information: Purchase Order number, item numbers, description of supplies and or/services, sizes, quantities, unit prices and extended totals and applicable sales/use tax. The County is not subject to excise tax.

4.0 **CONTRACT TERMS & CONDITIONS:**

4.1 **ESCALATION:**

Any requests for price adjustments must be submitted thirty (30) days prior to the Contract renewal date. Justification for the requested adjustment in cost of labor and/or materials must be accompanied by appropriate documentation. Escalation shall not exceed the increase in the U.S. Department of Labor (Bureau of Labor Statistics) Consumer Price Index for Urban Consumers. Increases shall be approved in writing by the Materials Management Department prior to any adjusted invoicing submitted for payment.

4.2 **UNCONDITIONAL TERMINATION FOR CONVENIENCE:**

Maricopa County may terminate the resultant Contract for convenience by providing sixty (60) calendar days advance notice to the Contractor.

4.3 **DEFAULT:**

The County may suspend, terminate, or modify this contract immediately upon written notice to the Contractor in the event of a nonperformance of stated objectives or other material breach of contractual obligations; or upon the happening of any event which would jeopardize the ability of the Contractor to perform any of its contractual obligations. Maricopa County reserves the right to have service provided by other than the Contractor if the Contractor is unable or fails to provide requested service within the specified time frame.

4.4 **TERMINATION BY THE COUNTY:**

If the Contractor should be adjudged bankrupt or should make a general assignment for the benefit of its creditors, or if a receiver should be appointed on account of its insolvency, the County may terminate this Agreement. If the Contractor should persistently or repeatedly refuse or should fail, except in cases for which extension of time is provided, to provide enough properly skilled workers or proper materials, or persistently disregard laws and ordinances, or not proceed with work or otherwise be guilty of, a substantial violation of any provision of this Agreement, then the County may terminate this Agreement. Prior to termination of this Agreement, the County shall give the Contractor fifteen (15) calendar days written notice. Upon receipt of such termination notice, the Contractor shall be allowed fifteen (15) calendar days to cure such deficiencies.

4.5 APPROPRIATION CONTINGENCY:

The Contractor recognized that any agreement entered into shall commence upon the day first provided and continued in full force and effect until termination in accordance with its provisions. The Contractor and the County herein recognized that the continuation of any contract after the close of any given fiscal year of the County which fiscal years end on June 30 of each year, shall be subject to the approval of the budget of the County providing for or covering such contract item as an expenditure therein. The County does not represent that said budget item will be actually adopted, said determination being the determination of the County Board of Supervisors at the time of the adoption of the budget.

4.6 ORGANIZATION - EMPLOYMENT DISCLAIMER:

The Contract is not intended to constitute, create, give rise to or otherwise recognize a joint venture agreement or relationship, partnership or formal business organization of any kind, and the rights and obligations of the parties shall be only those expressly set forth in the Contract.

The parties agree that no persons supplied by the Contractor(s) in the performance of obligations under the agreement are considered to be County employees, and that no rights of County civil service, retirement or personnel rules accrue to such persons. The Contractor(s) shall have total responsibility for all salaries, wages, bonuses, retirement withholdings, workmen's compensation, other employee benefits and all taxes and premiums appurtenant thereto concerning such persons, and shall save and hold the County harmless with respect thereto.

4.7 STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST:

Notice is given that pursuant to A.R.S. § 38-511 the County may cancel this Contract without penalty or further obligation within three years after execution of the contract, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party of the Contract with respect to the subject matter of the Contract. Additionally, pursuant to A.R.S. § 38-511 the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County from any other party to the contract arising as the result of the contract.

4.8 OFFSET FOR DAMAGES:

In addition to all other remedies at Law or Equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance under this Contract.

4.9 ADDITIONS/DELETIONS OF SERVICE:

The County reserves the right to add and/or delete services to this Contract. Should a service requirement be deleted, payment to the Contractor will be reduced proportionally, to the amount of service reduced in accordance with the PROPOSAL price. Should additional services be required from this Contract, prices for such additions will be negotiated between the Contractor and the County.

4.10 ASSIGNMENT OR SUBCONTRACTING:

Neither this Agreement, nor any portion thereof, may be assigned by Contractor without the written consent of the County first having been obtained. Any attempt by the Contractor to assign or subcontract any performance of this Contract without the written consent of the County shall be null and void and shall constitute a breach of this Contract.

The Subcontractor's rate for the job shall not exceed that of the Prime Contractor's rate, as proposed in the pricing section, unless the Prime Contractor is willing to absorb any higher rates. The Subcontractor's invoice shall be invoiced directly to the Prime Contractor, who in turn shall pass-through the costs to the County, without mark-up. A copy of the Subcontractor's invoice must accompany the Prime Contractor's invoice.

4.11 AMENDMENTS:

All amendments to this Contract must be in writing and signed by both parties.

4.12 CONFORMATION WITH THE LAW:

This service shall be accomplished in conformity with the laws, ordinances, rules, regulations and zoning restrictions of the United States of America, the State of Arizona, County of Maricopa, and the City of Phoenix.

4.13 CONTRACT COMPLIANCE MONITORING:

The Materials Management Department and Using agency(s) shall monitor the Contractors compliance with, and performance under, the terms and conditions of the Contract. The Contractor shall make available for inspection and/or copying by the County all records and accounts relating to the work performed or the services provided in this Contract.

4.14 RETENTION OF RECORDS:

The Contractor agrees to retain all financial books, records, and other documents relevant to this Contract for five (5) years after final payment or until after the resolution of any audit questions which could be more than five (5) years, whichever is longer. The Department, Federal or State auditors and any other persons duly authorized by the Department shall have full access to, and the right to examine, copy and make use of any and all said materials.

4.15 ADEQUACY OF RECORDS:

If the Contractor's books, records and other documents relevant to this Contract are not sufficient to support and document that allowable services were provided to eligible clients the Contractor shall reimburse Maricopa County for the services not so adequately supported and documented.

4.16 AUDIT DISALLOWANCES:

If at any time it is determined by the Department that a cost for which payment has been made is a disallowed cost, the Department shall notify the Contractor in writing of the disallowance and the required course of action, which shall be at the option of the Department either to adjust any future claim submitted by the Contractor by the amount of the disallowance or to require repayment of the disallowed amount by the Contractor forthwith issuing a check payable to Maricopa County.

4.17 P.O. CANCELLATION LANGUAGE:

The Department of Materials Management reserves the right to cancel Purchase Orders within a reasonable period of time after issuance. Should a Purchase Order be canceled, the County agrees to reimburse the Contractor but only for actual and documentable costs incurred by the Contractor due to and after issuance of the Purchase Order. The County will not reimburse the Contractor for any costs incurred after receipt of County notice of cancellation, or for lost profits, shipment of product prior to issuance of Purchase Order, etc. Contractors agree to accept verbal notification of cancellation from the Department of Materials Management with written notification to follow. By submitting a proposal in response to this solicitation, the Contractor specifically acknowledges to be bound by this cancellation policy.

4.18 RIGHTS IN DATA:

The County shall have the use of data and reports resulting from this Contract without additional cost or other restriction except as may be established by law or applicable regulation. Each party shall supply to the other party, upon request, any available information that is relevant to this Contract and to the performance hereunder.

4.19 SECURITY AND PRIVACY:

The Contractor agrees that none of its officers or employees shall use or reveal any research or statistical information furnished by any person and identifiable to any specific private person for any purpose other than the purpose for which it was obtained. Copies of such information shall not, without the consent of the person furnishing such information, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceedings, unless ordered by a court of competent jurisdiction. The County shall be notified immediately upon receipt of any such order of court, pertaining to production of such information.

The Contractor shall incorporate the foregoing provisions of this paragraph in all of its authorized Subcontracts.

4.20 SEVERABILITY:

Any provision of this Contract which is determined to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision hereof, and remaining provisions shall remain in full force and effect.

4.21 VALIDITY:

The invalidity, in whole or in part, of any provision of this Agreement shall not void or affect the validity of any other provision of this Contract.

4.22 CONTRACTOR RESPONSIBILITY:

The Contractor will be responsible for any damages whatsoever to County property as applicable when such property is the responsibility or in the custody of the Contractor, his Employees or Subcontractors.

Contractor agrees that all Subcontractors performing work under this Contract shall comply with its provisions and it is expressly understood that all persons employed by the Contractor, either directly or indirectly, shall be considered employees of the Contractor, and not employees of Maricopa County.

Contractor acknowledges and agrees that it is liable and responsible for any act or omission by the Contractor, its employees, agents, officers, representatives, and subcontractors occurring in the course of Contractor's performance of this Contract, whether such act or omission occurs on County property or elsewhere. Contractor shall be liable for any loss or damage arising out of or related to Contractor's performance of this contract, Contractor shall bear the above stated liability, even in absence of its own negligence, unless County actions caused the loss or damage (i.e., if regulation, but damage occurs, Contractor is responsible for such damages.) Contractor shall bear the above stated liability, consequential, incidental, direct, and indirect damages, and shall be liable for all costs, including attorney's fees, incurred by the County to enforce this provision.

4.23 FAILURE TO PROVIDE SERVICES:

Maricopa County reserves the right to have service provided by other than the Contractor if the Contractor is unable or fails to provide requested service within the specified time frame.

4.24 DELIVERY:

It shall be the Contractor's responsibility to meet the County's delivery requirements, as called for in the Technical Specifications. Maricopa County reserves the right to obtain material on the open market in the event the Contractor fails to make delivery and any price differential will be charged against the Contractor.

4.25 PRICE REDUCTIONS:

By submitting a proposal in response to this solicitation, Contractors agree to guarantee that Maricopa County is receiving the lowest price offered by your company to other customers for similar services at comparable volumes in a similar geographic area. If at any time during the contract period your company offers a lower price to another customer, **SIMILAR PRICES MUST BE EXTENDED TO MARICOPA COUNTY** If a notification IS not made of said price reductions, upon discovery Maricopa County shall reserve the right to take any or all of the following actions:

4.25.1 Cancel the Contract, if it is currently in effect.

4.25.2 Determine the amount which the County was overcharged and submit a request for payment from the Contractor for that amount.

4.25.3 Take the necessary steps to collect any performance surety provided on the applicable contract.

4.26 **CHANGES:**

The County may require changes in the scope of the services to be performed by the Contractor hereunder. All such changes, which are mutually agreed upon by and between all the parties, shall be incorporated in written amendments to this Contract. All such amendments shall state any increase or decrease in the amount of the compensation due to the Contractor for the change in scope.

4.27 **EMPLOYEE RESPONSIBILITY:**

No responsibility will attach to a county employee for the premature opening of a proposal not properly addressed and identified in accordance with the proposal documents.

UNUMPROVIDENT CORPORATION, INC. 1702 E. HIGHLAND AVE., SUITE #410, PHOENIX, AZ 85016

WILLING TO ACCEPT FUTURE SOLICITATIONS VIA EMAIL: ☒ YES ☐ NO

OTHER GOV'T. AGENCIES MAY USE THIS CONTRACT: ☒ YES ☐ NO

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6.0 PRICING FOR ADMINISTRATIVE SERVICES ONLY:

NOTE: DO NOT INCLUDE SALES/USE TAX IN YOUR BID PRICE. The percentage of sales/use tax applicable to this contract will be listed on the purchase order and allowed at time of payment. BIDDERS CERTIFY BY SIGNING THIS AGREEMENT THAT PRICES BID ARE F.O.B. DESTINATION IN ACCORDANCE WITH THE TERMS AND CONDITIONS SET FORTH HEREIN.

ITEM DESCRIPTION		<u>PRICE</u>	<u>UNIT/MEASURE</u>
6.1	MONTHLY RETAINER FEE		
	YEAR 1	<u>\$ 429.00</u>	PER MONTH
	YEAR 2	<u>\$ 429.00</u>	PER MONTH
	YEAR 3	<u>\$ 472.00</u>	PER MONTH
	YEAR 4	<u>\$ 519.00</u>	PER MONTH
	YEAR 5	<u>\$ 519.00</u>	PER MONTH
6.2	INITIAL ADJUDICATION PER CLAIM		
	YEAR 1	<u>\$ 146.00</u>	PER CLAIM
	YEAR 2	<u>\$ 146.00</u>	PER CLAIM
	YEAR 3	<u>\$ 167.00</u>	PER CLAIM
	YEAR 4	<u>\$ 184.00</u>	PER CLAIM
	YEAR 5	<u>\$ 190.00</u>	PER CLAIM
6.3	MONTHLY ONGOING CHARGES PER CLAIM		
	YEAR 1	<u>\$ 72.00</u>	PER CLAIM
	YEAR 2	<u>\$ 72.00</u>	PER CLAIM
	YEAR 3	<u>\$ 80.00</u>	PER CLAIM
	YEAR 4	<u>\$ 86.00</u>	PER CLAIM
	YEAR 5	<u>\$ 90.00</u>	PER CLAIM
6.4	SET-UP FEES		
	CUSTOMIZED CLAIM FORMS	\$ 0	<u>N/A</u>
	REHAB/RETURN-TO WORK SVCS	\$ N/A	<u></u>
	INDEPENDENT MEDICAL EXAMS	\$ 500.00	<u>PER IME</u>
	OTHER SETUP FEES:		
	<u>N/A</u>		

UNUMPROVIDENT CORPORATION, INC, 1702 E. HIGHLAND AVE., SUITE #410, PHOENIX, AZ 85016

Terms: NET 30

Federal Tax ID Number: ~~62-1598430 01-0278678~~ **62-1598430**

Vendor Number: ~~621598430 010278678 A~~ **621598430 B**

Telephone Number: 602/ 605-1700

Fax number 602/ 956-6142

Company Web Site www.Unum.com

E-mail Address: jpggriffin@Unum.com

Company Contact Jeff Griffin

Contract Period: To cover the period ending April 30, ~~2002~~ **2004**